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ABSTRACT

One of the working papers in the final report of the Arizona Board of Regents' Task Force on Excellence, Efficiency and Competitiveness, this document presents a review, designed to raise questions, of the Task Force's purpose and scope statements. The primary portion of the study was a series of interviews with 105 Arizonans (holding key positions in the state) over a 3-week time period. Information was solicited on their perceptions of the strengths and weaknesses in the university system, and the future of Arizona and the universities' capacity to contribute to economic, intellectual, and cultural development. Also examined were overall statistical data on the state's economy and demography, institutional trends, and comparisons with other institutions. Issues noted are: the future; strategic planning, roles, and missions; educational quality; research; access; funding; and management efficiency. A recommended purpose and scope statement for the Task Force is presented, noting that its work should include: a review of statutory, regulatory, and procedural requirements; and an assessment of current strategic planning processes within each university and university system. An implementation plan and recommended program of work includes: the Task Force work completion by July 1988; programmed Task Force meetings to make effective use of members' time; and, because the Arizona Legislature convenes January 1988, placing a premium on completing those activities that have significant legislative implications. (SM)

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**A REVIEW OF
THE PURPOSE AND SCOPE STATEMENTS
OF THE TASK FORCE ON
EXCELLENCE, EFFICIENCY AND COMPETITIVENESS
OF THE ARIZONA BOARD OF REGENTS**

SEPTEMBER 24, 1987

COOPERS & LYBRAND
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I. EXECUTIVE SUMMARY

The purpose of the Task Force on Excellence, Efficiency and Competitiveness is to develop and submit recommendations to the Arizona Board of Regents for promoting excellence, for improving efficiency, and for assuring competitiveness of the Arizona public universities, individually and as a system. This report is our review of the Purpose and Scope Statements of the Task Force. The review was performed very quickly, by its nature serving to raise questions rather than to answer them.

The body of this report contains three major sections: discussion of the major issues we identified during the study, a proposed revision of the Purpose and Scope Statement based on those issues, and a suggested implementation plan for carrying out the suggested Mission and Scope within the timeframe of the Task Force. Those issues, arrayed under the three parts of the charge to the Task Force, appear below.

COMPETITIVENESS

It appears to us that the definition of competitiveness which is most productive for the Task Force to concentrate on is what role university efforts should play in enhancing the regional and national competitive stature of the state.

Four major issues bear examination:

- . the role of universities in producing an appropriately educated work force for an expanding economy,
- . the role of universities in providing intellectual and technological leadership for the future,

- . the role of universities in building cultural understanding and growth in a state which is rapidly becoming majority Hispanic, and
- . the capacity of institutions to carry out their assigned missions in terms of financial and other necessary resources.

EXCELLENCE

Quality of Education at the undergraduate levels.

Two aspects of the quality issue bear examination:

- . Are the students receiving the quality of instruction, research training, and services they deserve? Many of those we interviewed expressed concern, and instructional expenditures per student appear somewhat low across Arizona universities.
- . Is the state producing an appropriately educated work force to meet the present and future demands of our expanding economy? Evidence of economic and demographic growth would lead one to expect more rapid enrollment increases than have been reported.

Access to university education for all who can appropriately benefit from it.

- . Are the universities, community colleges, and secondary schools effectively playing their appropriate roles in educating an increasingly diverse population?

- . Is an ethnically broad enough band of Arizonans participating in university education to provide leadership for the Arizona of the future?

Role of Research in the overall development of the state and its university system. High quality scholarly research is an important component of a university system. For Arizona, how heavy an emphasis should be placed upon:

- . Research as a part of graduate education,
- . Research efforts valued as an intellectual development,
- . Research as a contributor to economic progress.
- . Assurance of the quality and relevance of research efforts.
- . Funding Sources for Research.

EFFICIENCY

Universities are inherently complex and decentralized; management efficiency must be judged within that context.

- . How well are resources being managed, and where are there areas of potential improvement?
- . What is getting in the way of efficient management?
 - statutes, regulations, procedures at State, Board of Regents, or University level

- funding process
- staffing and organizational problems
- . What changes would create incentives for more efficient management?
- . How can efficiency be coupled with sufficient flexibility so that over time innovation is encouraged to meet new challenges?

Underlying all of these questions is the issue of planning for a dramatically changing future. The Task Force has the opportunity to invest several months of careful review and deliberation and to understand how well the universities are now positioned to lead the state through this period of dynamic growth, and also to develop a clear vision of the changes that the universities will need to make in response to that growth.

II. BACKGROUND AND APPROACH

II. BACKGROUND AND APPROACH

As a part of Phase I of the Task Force's work, we were engaged to perform a preliminary environmental scan and comparative data review to identify the most important issues to be considered in reviewing and planning for the Arizona Universities. We were also asked to run a comparison, based upon Higher Education General Information Survey data, of each Arizona University against a set of other institutions.

The primary portion of the study was a series of intensive interviews. We talked with 105 Arizonans over a three week time period, including Task Force members, other Regents, members of the business, university, and political leadership of the State, and students and faculty members at each university. Because of the importance of the information being collected through interviews, we more than doubled the original scope of this section of the engagement, with concomitant decreases in the time invested in the analysis of other data. The report contains a synthesis of their perceptions of the strengths and weaknesses in the university system, as well as their thoughts about the future of Arizona and the Universities' capacity to contribute to economic, intellectual, and cultural development.

Our interview list was based upon recommendations from Task Force members. All have deep roots in Arizona, and all occupy key positions in the State. Most were educated at one of Arizona's universities. Except at the universities themselves, we did not talk with representatives of the large in-migrant population, nor did we meet with any "ordinary" citizens. In all, those whom we interviewed represent a special -- and therefore somewhat narrow -- sample of the state's population. This fact makes some of the findings, which emphasize the responsiveness of the universities to the needs of all citizens, even more dramatic.

In addition to the interviews, we examined the following:

- . overall statistical data regarding the economy and demography of the state,
- . information about recent trends in the institutions, and
- . comparisons of each university on a wide range of publicly available variables to a range of other institutions.

We also requested that the Board and the universities compile data in a number of categories that we believe will be helpful to the Task Force as it proceeds further with its efforts.

The data we examined evidenced two substantial difficulties. First, largely because of the brevity of the effort, much of the Arizona demographic and university information is somewhat fragmentary. This difficulty can be overcome easily by the Task Force during the next and longer phase of its work. The second difficulty concerns the usefulness of the comparisons to other universities. Again because of time constraints, the comparative data was generated based on already-developed listings of institutions which include some whose relevance to the Arizona universities is difficult to establish. For both kinds of data, we have chosen to reflect findings in our issues discussions only in those cases where the implications seem clear and unclouded by such ambiguities. The full set of data with which we worked will be made available to the Task Force.

After consideration of the range of information we collected from the various sources, we have developed a clear sense of general public enthusiasm for the universities and a history of good State financial support for the institutions, but not for financial aid directed to the students. We have developed a list of major issues, with a number of subsidiary questions, that we believe should be made the central focus of Task Force efforts.

III. DISCUSSION OF ISSUES

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CRITICAL ISSUE #1 - THE FUTURE

WHAT ARE THE UNIVERSITIES AND THE BOARD OF REGENTS DOING TO ADDRESS THE CRITICAL CHALLENGES THEY WILL FACE IN THE NEXT TEN TO TWENTY YEARS?

BACKGROUND

To most Arizonans we interviewed, growth itself is the single most critical issue facing the state. Arizona is one of the most dynamic and rapidly growing states in the Union. Within the last ten years:

- . Population has increased by 40 percent, to 3.2 million
- . Employment has grown by 75 percent, to 1.3 million
- . Total personal income has more than tripled, to \$40 billion.

The state is expected to reach a population of between five and six million during the next twenty years, far ahead of the national rate. Most people expect that this growth, as well as economic growth, will continue to focus on metropolitan Phoenix and Tucson. As part of that growth, minorities (primarily Hispanics and native Americans) are expected to comprise a majority of the school age population of Arizona within twenty years.

Nearly all those interviewed felt that Arizona's three universities were at or near their optimal size today. Further, many felt the universities were not adequately addressing their role in coping with the challenges of Arizona's future.

In 1985, the Board of Regents began a long-range or strategic planning process by starting a work group to analyze the future needs of the state. While this work group completed its reports, subsequent work to develop a long-range plan was shelved as the Board's resources were redirected toward addressing legislative concerns about intrastate equity of funding.

QUESTIONS RELATED TO THE FUTURE

Listed below are the three general questions we judged most relevant in addressing the future challenges facing Arizona's Universities. Listed under each are a set of more specific explanatory questions.

(1) What are the most critical growth issues the system faces?

- . How will Arizona meet the increasing demands for postsecondary education of a rapidly growing population, and especially a rapidly growing Hispanic population?
- . What are the ramifications for the universities of the increasing concentrations of population in two metropolitan areas, and of the continuing growth of Maricopa County's share of Arizona's total population?
- . How will the universities assure adequate minority leadership within the universities in twenty years?

(2) How well do the strategic planning and program development processes of the Board of Regents and the universities anticipate future issues and convert them into current priorities, plans, funding requests and programs?

- . What time horizon is considered in current planning?

- . Are needs forecast and issues identified in such a way as to feed the program development and resource allocation processes?
 - . To what extent are university research investment decisions oriented toward the future?
 - . What do the universities aspire to be by the turn of the century?
- (3) What constraints within the current system affect its ability to respond to the effects of growth?
- . How much can or should the three universities grow? ASU, for example, is already relatively large compared to its self-selected peer group.
 - . How well do present programs match likely needs for the future?
 - . Is a so-called "second tier" or four year colleges desirable in Arizona?

IMPLICATIONS FOR THE TASK FORCE

The very existence of the Task Force reflects widespread consensus that Arizona's universities should critically analyze their current capabilities in light of the future challenges they face. However, the Task Force has neither time, resources, nor authority to resolve most of the issues raised above. These issues lie within the purview of the Board of Regents or the Legislature.

The Task Force can make a significant contribution to Arizona's resolution of these issues in the following ways:

- . Identify a series of the most significant future-related issues, along with an assessment of their relative importance and recommended priority.
- . Develop specific recommendations as to how the Board or Legislature should address the larger issues outlined above.
- . Answer a series of baseline issues appropriate to the scope of the Task Force. Included might be:
 - What are the physical limits to growth of each university?
 - What are the academic limits to growth of each university?
 - What timetable should the Board Strategic Planning Committee follow in returning to deliberation of its central mission?
 - What implications do the findings of the Future Needs of the State Work Group have for excellence, efficiency and competitiveness?
 - What factors should be the central focus for the strategic plan?
 - What are the universities doing to recruit and retain minority faculty, students, and administrators?

- With what steps and timetable can the missions of the universities, community college and K-12 system be integrated?

The Task Force should set in motion, by the completion of its study, a set of steps which will assist in the implementation of its recommendations.

CRITICAL ISSUE #2 - STRATEGIC PLANNING, ROLES, AND MISSIONS

HOW WELL DO THE CURRENT MISSIONS, RESPONSIBILITIES AND SCOPE OF PROGRAMS OF THE UNIVERSITIES AND THE BOARD OF REGENTS MEET THE NEEDS OF THE STATE?

"The clear definition of each institution's mission and scope is the very cornerstone of any rational planning process in a university system. Well defined institutional mission and scope statements are vital for the provision of an effective and efficient system of higher education in the state of Arizona because 1) they insure economy by reducing the potential for unnecessary program duplication, and 2) they enhance the diversity of campuses and programs by identifying their unique characteristics and avoiding tendencies for universities to become more and more like one another." --
Arizona University System Mission and Scope Statement

BACKGROUND

The single most critical issue facing Arizona higher education, according to more than half the persons we interviewed, is the need for clarification and integration of the missions and scopes of the three universities and of the Board of Regents. The missions and scopes were thought to be too broad and vague. As a result, they appear to foster unhealthy competition within the system and do not represent what the universities currently are or are trying to become.

Most interviewees who were familiar with the contents of the universities' mission and scope statements criticized the statements as being overly open-ended, vague, and not representative of what the universities were actually trying to become. We were interested to note that a significant number of

the faculty members with whom we spoke had never seen the mission and scope statements of their universities, much less participated in their development.

The mission and scope statements were also criticized for not promulgating a clear vision of the institutions' futures. The end result in the minds of many was that the universities were trying to fulfill too broad a role - becoming "all things to all people."

The mission statements are also widely perceived to be fostering competition rather than coordination and resulting in uneven allocation and application of resources. When we asked people about the "competitiveness" of Arizona's universities, a significant number immediately focused on the competition among the three universities rather than on competition with other states.

Many people felt that intra-state competition reduced system-wide strategic planning and funding process to a set of tradeoffs among the individual institutions, with decisions based more on politics than on either mission or the strengths of a given proposal.

A number of people concerned with the quality of baccalaureate education and educational access for minorities raised the issue of coordination of mission with Arizona's community colleges and the K-12 education system.

Many of those interviewed questioned whether the Board of Regents is involved in too detailed a level of management issues in the operations of the universities. University representatives reflected a concern that calls from the Board appear to be frequent and crisis-related, not systematic, predictable, and clearly related to general management and policy.

Accountability, both for the quality of education and for the use of resources, was also an issue. Many felt it was difficult to determine who was actually accountable for various conditions, and especially to whom the university presidents and the faculties are accountable.

QUESTIONS FOR ROLE, MISSION AND STRATEGIC PLANNING

We have divided the issues related to roles, mission, strategic planning and programs into the following.

- (1) What strategic planning is used by the universities and the Board of Regents and how well is it integrated with the capital and operational budgeting, funding, financing and program approval processes?
 - . How do processes for approving proposed programs and reviewing existing programs take into account Arizona's current and predicted educational needs?
 - . Does strategic planning include time lines and costs in addition to the listing of objectives?
- (2) How well do the existing mission and scope statements provide guidance for the planning and funding of university programs and initiatives?
 - . What mechanisms exist for planning and coordination of the missions and scopes of the Arizona universities, and are these mechanisms adequate?
 - . How well do current missions and programs align with Arizona's current and anticipated educational needs?

- . How clearly do existing mission and scope statements treat what the universities will not do or aspire to do? How well do they translate into programs and funding?
 - . Are the goals and objectives of the individual universities well defined with respect to:
 - minority access
 - remedial education
 - economic development
 - community/public service
 - research, and
 - teaching?
- (3) What kinds of processes exist for making program decisions and how well do they work?
- . Is the program mix internally and externally consistent, coordinated, and appropriately non-duplicative?
 - . Should night and weekend programs be pursued more aggressively in any of the colleges or schools?
 - . What is being done to address admission demands when the universities reach their capacity? Should enrollment management be actively considered as an important growth and quality management tool?
 - . What should be the role of community colleges in meeting increased needs for baccalaureate capability?
 - . How cost effective are "2+2" programs? What is their potential role in meeting needs for increased baccalaureate capacity?

(4) Are the principal responsibilities, priorities, organizational structure, and activities of the Arizona Board of Regents and its Central Office Staff well defined and consistent with those of the Universities?

- . What are the constitutional and statutory powers and responsibilities of the Board of Regents?
- . What is the appropriate level of involvement of the Board of Regents in the management and operations of the universities?
- . How effectively is the Board of Regents discharging its responsibilities for strategic planning, policy setting and performance monitoring?

(5) What kinds of accountability exist within the system, and how is performance measured?

- . How accountable are the universities for accomplishing their missions, goals and objectives?
- . Is there sufficient accountability in the system for proper planning, for appropriate use of resources, and for academic and administrative performance?
- . How are expectations of university performance set, and to what degree is university performance measured against objectives and mission?
- . What mechanisms are in place for the internal evaluation of academic and administrative achievement?

IMPLICATIONS FOR THE TASK FORCE

A number of persons we interviewed suggested that the Task Force on Excellence, Efficiency and Competitiveness should itself undertake an effort to revise and clarify the universities' mission and scope statements. Such an effort is clearly the Board of Regents' responsibility.

We believe that a more appropriate set of objectives would include reviewing the planning process and mission statements, establishing the agenda of issues and their relative priorities based upon the rest of the Task Force's efforts, and recommending a means to effectively implement the whole range the Task Force recommendations, including developing new mission and scope statements, if necessary. Otherwise, the Task Force runs the risk of finding its entire energy absorbed by this single effort.

CRITICAL ISSUE #3 - EDUCATIONAL QUALITY

HOW CAN THE OVERALL QUALITY OF UNDERGRADUATE EDUCATION BE IMPROVED?

BACKGROUND

Educational quality is a very difficult characteristic to measure, and we received a wide variety of opinions on the quality of educational programs at the universities. There was a significant group who felt the quality should be raised, expressing concerns regarding the size versus quality of the universities; the qualifications, productivity, and accessibility of the faculty; and the increasing percent of faculty time devoted to research. Recognizing the difficulty of measuring academic quality, both the academic and lay people we interviewed voiced a strong desire to develop and use performance indicators to measure quality and productivity.

A number of people expressed concern both about the effects of university size on excellence and about their impression that quantity of programs and students may sometimes take precedence over quality of education.

The universities are providing three types of education; undergraduate, graduate, and professional. As is traditional in most states, the primary focus of public interest is on the adequacy of undergraduate programs.

There was general agreement on one point: the quality of the baccalaureate experience needed immediate attention and improvement. However, in all cases, those opinions were based upon anecdotal information or personal experience.

Apparent and underqualification of graduate teaching assistants, and the inaccessibility of regular faculty, were consistently voiced complaints.

The quality of graduate and professional education did not draw significant attention from those we interviewed outside academia. An additional focus of many concerns was on the apparent replacement of undergraduate teaching with research as the primary focus of faculty time. There was clear consensus among faculty and academic leadership, however, that training in research is a critical part of graduate (and some professional, i.e., medical) education.

The lack of productivity of some tenured faculty members was cited as a major source of inefficiency in the universities, and an obstacle to increased efficiency and quality.

QUESTIONS RELATING TO EDUCATIONAL QUALITY

- (1) Are the universities delivering sufficient baccalaureate excellence at a price the state can afford to pay?
- (2) How well does the educational environment in the universities support the delivery of a quality education?
 - . Do admission standards ensure that students admitted to the universities are prepared to do the work?
 - . Does the physical plant and equipment of the universities enhance or detract from educational quality?
 - . Are support services (e.g., libraries, student advisory services and counseling) enhancing or detracting from educational quality?
 - . Are classes the appropriate size?

(3) What are the key issues affecting the delivery of quality instruction?

- . How well balanced are faculty workloads in teaching, research, and governance, and is this process monitored?
- . How do the universities deal with the effectiveness of tenured faculty?
- . How is the use of graduate teaching assistants managed? Are teaching assistants adequately qualified or taught to teach?
- . Are senior faculty members available to baccalaureate students? Should they be?

(4) What incentives affect the quality of education, and what are their effects?

- . What are the incentives for excellence in teaching, research and public service, and how do these incentives make people act?
- . How is quality affected by the funding process and by the oversight of the Board?
- . How are specific laws, rules, regulations, policies, procedures and general practices affecting the quality of education?

(5) What kinds of accountability for educational quality are in place and how effective are they?

- . Who is accountable for the delivery of quality education?

- . How are the universities and the Board of Regents measuring the attainment of academic and quality objectives?
- . How are indicators of quality, productivity or other methods of performance used?
- . Does student evaluation of courses carry weight in evaluation of faculty for promotion?
- . Are there means for special recognition of particularly talented teachers?
- . Is faculty teaching performance appropriately appraised, and against what standards or performance?
- . Are education students receiving adequate preparation for the challenges of primary and secondary teaching?
- . Are university graduates competing effectively for jobs at graduation?

IMPLICATIONS FOR THE TASK FORCE

Educational quality seems to be an area where the Task Force can play a valuable role by properly setting the agenda and direction. Because of the complexity and delicacy of the assessment of quality of education, the most common approach among universities has been the development of internal or peer reviews in which program offerings and quality of instruction of a set of schools or departments is reviewed each year. We suggest that the Task Force begin their work on this issue by commissioning a review of recent experience of other universities with quality assessment efforts. After this review the Task Force may have enough information to recommend establishment of new procedures in Arizona.

CRITICAL ISSUE #4 - RESEARCH

WHAT IS THE APPROPRIATE ROLE FOR RESEARCH EFFORTS AT ARIZONA UNIVERSITIES?

BACKGROUND

The key question asked by those we interviewed is the appropriate balance of state investment between research and instruction. While scholarly research is clearly an important part of the overall mission of a statewide university system, there are varied feelings on its effect on teaching and the benefit of the research to the State's economy.

As of 1983 UofA ranked number 22 among universities in research expenditure in the United States, and ASU ranked number 99. Among the top 50, UofA ranked sixth in level of state funding, and fourth in level of corporate funding. During the past few years we understand that federal sources have increased their share of the research enterprise, a development which should be encouraged.

ASU in 1983 ranked fourteenth among the "second fifty" in level of state support, and twenty-fifth in corporate support. Increases in the federal share of research funding is clearly also an important target for ASU as well.

Based upon a general lack of familiarity with university research, most of the non-academic people interviewed held either the strong belief or the strong suspicion that too much research and too little teaching are being carried out. Faculty members brought out a slightly different perspective, pointing out that while teaching is stated to be a priority at the larger two universities, the compensation and promotion of faculty were still tied more closely to their research or scholarly performance.

Many of the interviewees reported that the relationship between university research and economic development was not clear, but believe strongly that the universities are making a positive contribution to the State's economy.

QUESTIONS RELATED TO RESEARCH

(1) How appropriate are the current levels and sources of funding, and the allocation of human resources, to research activities of the universities?

- . How much money is currently being invested in research, how is it being spent, and where does it come from?
- . How much faculty, staff, and student time is devoted to research?
- . Do the current incentives encourage wise allocation of research dollars and the development of high quality research programs?
- . How much time and money should Arizona be spending on research, and how should those expenditures be targeted?

IMPLICATIONS FOR THE TASK FORCE

The Task Force should carefully choose its objectives in the area of research, as there is a real danger of exhausting its resources trying to find answers to questions of little ultimate impact.

Research is an essential component of the quality and competitiveness of the university system, and of the state. We believe it would be a time-consuming exercise to determine precisely the relationship between research and economic

development; studies on such relationships invariably show a positive effect over the long term, and there is no reason to believe that Arizona's experience will be different.

We therefore would recommend a focus on examining the general level of investment in university research activities, the adequacy of procedures for assuring quality of research effort, and the potential for further enhancing the flow of non-State funds to the research enterprise of the universities.

CRITICAL ISSUE #5 - ACCESS

IS ARIZONA PROVIDING UNIVERSITY ACCESS TO ALL STUDENTS WHO CAN APPROPRIATELY BENEFIT FROM A UNIVERSITY EXPERIENCE?

BACKGROUND

The question of access to the universities was of broad concern to many people. The demographic projections prepared for the Board of Regents serve to underscore this as a significant, current issue which will grow materially over the next 10 to 20 years.

Access to a college or university education is of four different types - academic access, the ability to enter and succeed academically; financial access, the economic capability to afford to attend the institution; the social and cultural access to an environment or support system which helps students successfully adjust to and function in the university; and geographic access to programs while working or while living close to home.

Among people we interviewed, the establishment of successful programs for recruiting, educating, and graduating minority students was closely related to the concern over the undergraduate experience. It extended, however, to concern over providing adequate remedial education to those needing it, as is done now in several testing and developmental education programs.

Expectations are for the continued raising of academic standards as the institutions grow and become more crowded, thus heightening concern over the educating of minorities and raising additional questions about the role of the community colleges in this process.

Financial access was as important an issue as educational access. Tuition levels are relatively low compared to other states,

primarily in response to requirements in the Arizona Constitution. Tuition provides a lower than average proportion of institutional revenues, and accounts for a relatively low proportion of educational expenditures.

The interviewees were not in agreement on the question of raising in-state tuition; they were largely unanimous in believing that increased financial aid must be tied to any rise in tuition, and also in general agreement that out-of-state tuition should be raised. Many people worried both that there seemed to be little financial aid available, other than tuition assistance, and that future tuition increases would worsen the situation. With varying rates for other charges (room, board and fees), the system appears to lack a consistent approach to pricing and a comprehensive approach to financial aid.

Rural Arizona does not seem well served with the universities concentrated in the major population centers. While the state has been divided into territories for each of the universities, many were concerned that the historical lack of programs and services provided showed the universities to be very interested in acquiring turf but not committed to serving it. The "Yuma experiment," however, is a demonstration of one attempt to take a four year program to a new area.

QUESTIONS RELATED TO ACCESS

(1) How effective are current programs in improving educational access of minorities to the universities?

- . What is being done to improve the access of minorities to higher education in Arizona?
- . Are minorities with first generation higher education experience well served at the large universities?

- . Is there adequate coordination among the universities, community colleges, and their respective Boards with respect to program offerings and admission and articulation standards?
 - . How much remedial or developmental education are the universities providing, and is this too much or too little.
- (2) How well is higher education being provided to those students who live outside the major metropolitan areas?
- . What are the goals of higher education in rural Arizona?
 - . What are the universities doing to address the increasing demands for rural postsecondary opportunities?
- (3) What is the effect of increasing admission standards on educational access of minorities?
- . Is the state's approach to admission of out of state students (quantity, quality, and tuition) consistent with the mission and scope of the universities?
 - . Is the state's approach to admission of minorities consistent with the mission and scope of the universities?
 - . Should admissions standards be raised, lowered or maintained?
- (4) What are the effects of Arizona's tuition policies and financial aid programs on financial access?
- . Are tuition rates a barrier to the universities?

- . How do tuition rates compare to other states?
- . Is the state's approach to student financial aid a barrier or bridge to the universities?
- . How might university costs be made more predictable and affordable for low income students?

IMPLICATIONS FOR THE TASK FORCE

Access to higher education has already received some degree of attention from the universities and the Board of Regents. In light of its continuing and growing importance in assuring a well-educated populace and a competitive economy, we suggest that access be considered one of the key factors in the planning and mission and scope deliberations discussed under Issues #1 and #2. To do this effectively it will be necessary to examine the demographics and issues in depth, and to develop an assessment of need and the degree of present success in providing access.

CRITICAL ISSUE #6 - FUNDING

DOES THE PROCESS OF FUNDING THE BOARD AND UNIVERSITIES ADEQUATELY REFLECT STATE PRIORITIES AND UNIVERSITY MISSIONS, AND ENCOURAGE THEIR ACHIEVEMENT?

BACKGROUND

There was no single issue which drew stronger or more polar opinions than the establishment of funding levels and the allocation of financial resources on an equitable basis.

The legislature has supported the universities either adequately or generously, depending on the source. Most agreed that the universities as a whole have not suffered from inadequate support.

Compared to a range of other states, Arizona State funds support a larger portion of all costs at the Arizona universities. There appear to be a number of possible reasons for this:

- . Tuition is relatively low, and, unlike many states, Arizona does not provide for financial aid direct to students that would flow to the institutions as tuition,
- . External research funds from federal sources are relatively low, so that state funds subsidize a larger portion of the research effort,
- . Private fundraising from alumni and others, a revenue source increasingly used by state as well as private universities, has not yielded any significant amount of revenue in Arizona.

On the expenditure side, per student expenditures for instruction are relatively low at each Arizona university; value of equipment

is also somewhat low. At ASU and NAU the portion of all expenditures spent on research is comparatively low, and at ASU and UofA operations and maintenance costs are low compared to the peers they selected. These phenomena may in part be explained by the dearth of resources other than state funds, because overall state support for Arizona's universities is relatively good.

There was also strong agreement from every quarter that the present funding process does not work well, and that the lack of a clear rationale for funding decisions (e.g. priorities, agreed-to plans and a clear allocation methodology) was damaging the ability of the universities to secure funding. However, there was little agreement on how to make the process work better.

There was universal desire for an equitable basis for state funding of the universities; however, the definition of equitable funding varied dramatically by university affiliation - (from a headcount basis with Arizona State University supporters; to a program, quality and mission basis with supporters of the University of Arizona; to a "2:2:1" rule of thumb used by some to support providing 20% of new funding to Northern Arizona University). The current incentives for incremental funding would seem to encourage growth, done at low cost.

It seemed clear to us that the universities have generally acted less like a system as they approached the budgeting and funding process and more like individual institutions, although the "legislative free-for-all" may have been better controlled by the Board in the most recent legislative session.

A number of those interviewed felt the budget process has tended to either "play heavy politics" or to "level the playing field", rather than deal with the appropriate needs and differences of the universities.

A number of interviewees expressed concern about the usefulness of the present budgets as submitted by the universities. Regents generally felt there was too little time to adequately review and modify the budgets. Others expressed the more basic skepticism about the realism of the budgets, observing that the universities "usually asked for more and got by with less."

The levels of faculty pay, often a topic of much contention in other states, drew little criticism, an observation at least partially supported by comparisons to faculty salary levels in other states. Salaries of administrative managers were questioned by some we interviewed.

Increased funding was felt, by many university officials, to be necessary for facilities, equipment, and to some degree for support services.

How to finance the expected growth in the system is also an important concern shared by those involved in funding and financing decisions.

QUESTIONS RELATED TO THE FUNDING PROCESS

- (1) What effect have the present funding procedures had on the quality and efficiency of university activities?
- (2) How effectively are appropriate program proposals and decisions integrated into the funding process?
 - . Is the state funding the right programs? Are the right allocations of resources being made between core programs and special programs?
 - . Does the approval process for new programs give adequate weight to the merits of the proposals? How well does the

decision package process work? How is the effectiveness of new programs measured after approval and implementation?

- . Do changes, particularly reductions, in programs put funding for individual universities at risk?
- (3) How will future growth of the system be financed? What capacity does the present system have for such financing?
- (4) How well does the budgeting process work in supporting system and university priorities and in providing a basis for funding deliberations?
- . How well does the budgeting and funding process integrate with and support long-range planning?
 - . How useful are the current budgeting documents in supporting the legislative deliberations?
- (5) How well does the current funding process work in the setting of levels of overall funding and in allocating those funds among the institutions and programs?
- . Does the funding process drive or follow the mission and scope of Arizona universities?
 - . How does Arizona's overall level and mix of funding compare to other states?
 - . How does Arizona's funding for specific institutions compare to other comparable state systems?
 - . What implications do findings of the University Systems Budget Study contain with respect to efficiency and excellence?

- . What is an "equitable" basis for the allocation of resources among programs and universities?
 - . What capacity does the state, and the Board of Regents, have to support future growth of the universities, and how will that growth be financed?
- (6) What financial incentives exist in the system, and how do they cause people to act?
- . What incentives or disincentives does the funding process provide for quality of instruction, efficiency of operations, and research, and how do these incentives make people act?
 - . Does the current method for establishing funding produce the desired results in the universities?
 - . Do the current incentives encourage the growth of programs of adequate quality?
 - . Does the concept of a continuation budget encourage or discourage management efficiency and excellence in academic programs?
 - . What effect does the funding process have on the way the universities and Board internally account for and control their financial resources?
 - . What would be an appropriate and effective set of funding incentives?

(7) Do the current tuition levels meet the state's goals?

- . How much of the cost of education should out-of-state students bear?
- . What should be the relationship between tuition policy and financial aid programs?
- . Should the setting of tuition policy also include consideration of other student charges and fees?

IMPLICATIONS FOR THE TASK FORCE

The funding process is central to the implementation of university plans and initiatives as well as the direction of the educational enterprise. Because of the vast effect these decisions can have upon the decisions made by the Board and the universities, we believe this is a process deserving close review by the Task Force.

Questions to be considered should include:

- . What incentives exist in the current funding methodology, and do they encourage desirable behavior?
- . How has the funding of the universities affected the quality and efficiency of the universities individually?
- . Have funding decisions supported or detracted from the needs and priorities of the state and the system as a whole?
- . What should be the approach to setting tuition and other student charges, and how should that be integrated with financial aid programs?

- . How can revenue from sources other than state general funds be increased?
- . How can the funding process be improved?

CRITICAL ISSUE #7 - MANAGEMENT EFFICIENCY

CAN THE OPERATING EFFICIENCY OF THE UNIVERSITIES AND THE BOARD BE IMPROVED?

BACKGROUND

A general call for review of the efficiency of the management, organizational structure and operations of the universities and the Board of Regents was voiced by those interviewed. While there was broad agreement on the need, no consensus on the possible results emerged.

Many of those interviewed, including a number of Regents, felt that the universities are doing a good job of managing their resources. Others felt there is inherent difficulty managing any organization of this size, especially given the lack of recent, objective review. There was general agreement that it is crucial to the future credibility and funding of the system that the questions of "fat" and inefficiency be addressed and answered.

Of the few specific areas identified as targets of inquiry, the strongest concerns related to over-administration, or "too many layers of bureaucracy." The magnitude of the dollars invested in personnel would support this as a possible major area for investigation.

Other major consumers of resources, and generally fruitful areas of inquiry, are facilities and computing. Construction of new facilities has received significant emphasis by the Board over the past year. With the priority placed on facilities and equipment by the university presidents, this area will continue to deserve and receive emphasis, along with the utilization of

facilities, operation and maintenance of the physical plant and effectiveness of energy conservation programs. Computing and telecommunications are undergoing a number of changes at the universities and are of such a size as to suggest review.

A number of business leaders and Regents expressed frustration with the slowness and inefficiency of the academic decision-making process, a common complaint in many states.

While we have included the review of tenure under the "quality" issue, tenure is raised by many non-academics as a cause of inefficiency in the universities. The comparison to other institutions showed the number of faculty to be largely comparable, although there was a decided lack of younger faculty, which might show either an aging of the faculty mix or a proportionately greater use of part-time faculty.

Finally, there was general agreement that there are few indicators of efficiency and performance and that the management information reported does not provide good evidence about performance. A focus on results, rather than the process, and much more significant use of performance and productivity indicators was felt to be necessary.

QUESTIONS ON MANAGEMENT EFFICIENCY

Specific issues related to operational efficiency are listed below:

- (1) How efficiently do the universities and the Central Staff manage their resources?
 - . What are the primary management priorities and processes in the Board of Regents and the Universities?

- . Are administrative organizations of the universities and the Central Office appropriately structured to deliver cost-efficient service?
 - . What are the facilities utilization rates for the universities?
 - . Is deferred maintenance kept at acceptable levels, and are the structures safe for users?
 - . How effectively do the universities plan, coordinate and implement telecommunications and academic, research and administrative computing?
 - . How well managed are the physical resources - physical plant, utilities, motor pool, etc.?
 - . Are there opportunities for adjusting staff appointments to better match academic year work loads (eg.10 month appointments)?
- (2) What are the incentives and disincentives to efficient management of resources, and how do these make people act?
- (3) How are specific laws, rules, regulations, policies, procedures and general practices affecting the efficiency of operations or the management of resources, including:
- . Human resources, both faculty and non-faculty.
 - . Information resources, including financial, management, operational and academic information.
 - . Financial resources (cash, endowments, etc.)

- . Facilities, physical plant and equipment.
 - . Land
 - . Entrepreneurship and work with and for corporations
- (4) Is the financial and performance information reported adequate for monitoring the system and making decisions?
- . Does financial information used to manage the universities and report to the Board of Regents provide an adequate basis for assessing the effectiveness of financial management?
 - . How is performance of the universities measured? What indicators of productivity and management effectiveness are used?
 - . Are decision makers getting the management information they need to plan, allocate and control resource utilization?

IMPLICATIONS OF MANAGEMENT EFFICIENCY ISSUES

The need in the area of management of resources is to determine both how effectively and efficiently each university and the Board are managing their resources and make recommendations for improvement, based upon the specific opportunity areas identified.

This assessment is far too detailed and time consuming for the Task Force to take on, and should be assigned to a group that would analyze each of the universities as well as the Board of

Regents and its staff. The assessment will be more effective if it is organized to measure each entity against its own objectives and responsibilities, thus minimizing the direct comparison of what are quite different organizations.

IV. RECOMMENDED PURPOSE AND SCOPE STATEMENT

RECOMMENDED PURPOSE AND SCOPE STATEMENT
TASK FORCE ON EXCELLENCE, EFFICIENCY AND COMPETITIVENESS
ARIZONA BOARD OF REGENTS

The purpose of the Task Force on Excellence, Efficiency and Competitiveness is to develop and submit recommendations to the Arizona Board of Regents for promoting excellence, for improving efficiency, and for assuring competitiveness of Arizona's universities, individually and as a system. Recommendations are to be based upon thorough surveys of the operation of the universities and university system, an analysis of the present and projected characteristics and needs of the State, broad-based public comments and suggestions, and a review of normative data describing comparable universities and university systems in other states. The primary goal of each area of examination shall be to assess the results of the study upon the excellence, efficiency and competitiveness of each institution and the system as whole. The work of the Task Force should include, but not be limited to:

- . A review of statutory, regulatory, and procedural requirements within which the universities function.
- . A review of State funding policies and procedures, the range of revenue sources available to the universities, and the overall levels of financial support for university missions.
- . An independent management audit of the business operations of the universities and the Board of Regents' Central Office.

- . A review of policies related to access to the universities including admissions standards, remedial programs, financial and support services, and articulation with community colleges and school systems.
- . An evaluation of the nature and quality of undergraduate education being provided by the universities and recommendations for ongoing measurement and evaluation of effectiveness.
- . An evaluation of the role of research and scholarly activity in the universities, including levels and sources of support, relation to instruction, and impact on the State's economy.
- . An environmental scan of probable demographic, social and economic developments in Arizona over the next twenty years, and the implications of these developments for post-secondary education.
- . An assessment of current strategic planning processes within each university and the university system.
- . An evaluation of financial and other resources which determine the capabilities of the universities, individually and collectively, to carry out their fundamental missions of teaching, research and scholarship and public service.

V. IMPLEMENTATION PLAN AND RECOMMENDED
PROGRAM OF WORK

IMPLEMENTATION PLAN AND RECOMMENDED PROGRAM OF WORK

The Scope and Purpose Document in the preceding section suggests a specific Program of Work for the Task Force.

The constraints influencing the Task Force's ability to accomplish any Program of Work are as follows:

- . The Task Force is charged with completing its work by July, 1988.
- . Because the Arizona legislature convenes in January, 1988, a premium should be placed on completing those activities which have significant legislative implications -- i.e., the management audit, regulatory and legislative analysis, and analysis of the funding process.
- . Task Force members are unpaid volunteers whose time is scarce and valuable. Task Force meetings must therefore be extremely well programmed. It is crucial that meetings of the Task Force be focused on arriving at answers to hard questions and developing actionable recommendations to the Board.

The Task Force has employed an Executive Director, who will manage the efforts of four executives loaned from the universities and the Central Office staff.

The implementation schedule on the following page presents a suggested timetable for completing this program of work. Task Force and its staff will also need to identify specific task responsibilities, meeting and document delivery dates, and task interrelationships.

**TASK FORCE ON EXCELLENCE, EFFICIENCY AND COMPETITIVENESS
RECOMMENDED PROGRAM OF WORK**

TASKS AND WORK PRODUCTS	1987						1988					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Finalize Purpose and Scope												
Complete Staffing and Task Force Organization												
Management Audit												
Analysis of Funding Policies and Procedures												
Research Investment Review												
Future Scan												
Statutory/Regulatory Impact Analysis												
Submit Interim Report to Board of Regents												
Quality Measures Review												
Access Review												
Planning Process Review												
Development of Alternative Future Models for University System												
Develop Overall Recommendations to the Board of Regents												
Final Report												

LIST OF INTERVIEWS

The Honorable Lela Alston, Arizona State Senate
Prof. Ronald Alvarado, Zoology, Arizona State University
Prof. Anne Atwater, Exercise in Sports Science, University of
Arizona
Mrs. Edith Auslander, Member, Arizona Board of Regents
Mr. Jim Babbitt, Babbitt Bros. Trading Company, Flagstaff
Dr. Allan Beigel, VP for University Relations, University of
Arizona
Dr. Frank Besnette, VP for Administration and Finance, Northern
Arizona University
Prof. Matthew Betz, Civil Engineering, Arizona State University
Mrs. C. Diane Bishop, Superintendent of Public Instruction
Mr. Fred Boice, Boice-Roberts Company, Tucson
Ms. Pattie Bratcher, Arizona Student Association
Ms. Molly Broad, Executive Director, Arizona Board of Regents
Prof. Gary Buckley, Political Science, Northern Arizona
University
Mr. Ed Butterbaugh, Ernst & Whinney, Tucson
Ms. Esther Capin, Arizona Board of Regents
Mr. Reuben Carranca, Associated Students of the University of
Arizona
Prof. James Carroll, Educational Psychology, Arizona State
University
Prof. N. Joseph Cayer, Public Affairs, Arizona State University
Mr. Herman Chanen, Arizona Board of Regents
Mr. David Chase, Vector Corporation, Flagstaff
Mr. Platt Cline, Flagstaff

Mr. Lanny Kope, Associated General Contractors of Arizona,
Phoenix

Mr. George Cunningham, Jr., VP for
Administrative Services, University of Arizona

Mr. Mick Dalrymple, Arizona Student Association

Mr. Will Daly, Associated Students of Arizona State
University

Mr. Dwight Daniels, Student, Northern Arizona University

Mr. Jack Davis, United Bank of Arizona, Tucson

Mr. Jack DeBolske, Arizona League of Cities & Towns, Phoenix

The Honorable William DeLong, Arizona State Senate

Dr. Alfredo de los Santos, Jr., Maricopa Community College
District

Ms. Karen Donohue, Student, Northern Arizona University

Mr. John Driggs, Western Savings & Loan Association, Phoenix

Ms. Katie Dusenbury, City Van & Storage, Tucson

Mr. Karl Eller, Circle K Corporation, Phoenix

Mr. Tommy Espinoza, Espinoza Development Corporation, Phoenix

Mr. Ted Ferris, Joint Legislative Budget Committee

Prof. Bob Feugate, Engineering, Northern Arizona University

Mr. William A. Franke, Former Chairman & CEO, SW Forest Products,
Phoenix

The Honorable Jim Green, Arizona House of Representatives

Prof. Eric Guilbeau, Chemical and Bio Engineering, Arizona
State University

The Honorable Jaime Guttierrez, Arizona State Senate

The Honorable Art Hamilton, Arizona House of Representatives

Dr. Nils Hasselmo, VP for Academic Affairs & Provost, University
of Arizona

The Honorable Larry Hawke, Arizona House of Representatives

Mr. Max Hawkins, Arizona State Department of Administration
 The Honorable Beverly Hermon, Arizona House of Representatives
 Dr. Eugene Hughes, President, Northern Arizona University
 The Honorable Jane Hull, Arizona House of Representatives
 Mr. Michael Jackson, Student, Northern Arizona University
 Mr. William Jacquin, Issue Management Incorporated, Phoenix
 Mr. Leonard Judd, Phelps Dodge Corporation, Phoenix
 Prof. Herbert Kaufman, Economics, Arizona State University
 The Honorable Peter Kay, Arizona State Senate
 Dr. Jack Kinsinger, VP for Academic Affairs, Arizona State
 University
 Ms. Karin Kizer, Arizona Student Association
 Dr. Henry Koffler, President, University of Arizona
 The Honorable Carl Kunasek, Arizona State Senate
 Ms. Karen Kunasek, Associated Students of Arizona State
 University
 The Honorable Joe Lane, Arizona House of Representatives
 Assoc. Prof. Dennis Larson, Agriculture Engineering, University
 of Arizona
 Mr. John Lee, Joint Legislative Budget Committee
 Mr. James Lincicombe, Motorola, Inc., Phoenix
 Ms. Pat Loven, Flagstaff
 Mr. Richard Mallery, Snell and Wilmer, Phoenix
 Mr. Howard McCrady, Valley National Bank, Phoenix
 Ms. Felicia McGinty, Student, Northern Arizona University
 The Honorable Evan Mecham, Governor, State of Arizona
 Assoc. Prof. Margaret Morley, History, Northern Arizona
 University

Mr. Joseph Mikitish, Arizona Board of Regents
Ms. Gaye Murphy, Executive Budget Office
Mr. Pat Murphy, Phoenix Newspapers, Inc., Phoenix
Mr. John Murphy, Flinn Foundation, Phoenix
Dr. J. Russell Nelson, President, Arizona State University
Mr. William Nelson, IBM, Tucson
Mr. Donald Olson, Department of Administration
Prof. Samuel Paplanus, MD, Pathology, University of Arizona
Prof. Daniel Peterson, Special Education, Northern Arizona
University
Mr. A. J. Pfister, Arizona Board of Regents
Mr. Donald Pitt, Arizona Board of Regents
Ms. Barbara Polk, Prescott
Mr. Eugene Polk, Prescott
Prof. Sharon Porter, Speech Communication, Northern Arizona
University
The Honorable James Ratliff, Arizona House of Representatives
Dr. Patsy Reed, VP for Academic Affairs, Northern Arizona
University
Dr. Henry Reeves, VP for Research, Arizona State University
Prof. Thomas Rehm, Chemical Engineering, University of
Arizona
Prof. Elizabeth Roemer, Astronomy, University of Arizona
Mr. Roberto Ruiz, Ruiz Engineering Company, Tucson
Mr. Donald Shropshire, Arizona Board of Regents
Mr. John Schaeffer, Research Corporation of America, Tucson
Mr. James Simmons, United Bank of Arizona, Phoenix
Mr. Joe Smith, Executive Budget Office

Mr. Solly Sollenburger, Sechler-Sollenburger Realty
Investment Company, Phoenix

Mr. Donald Solweidel, Yuma

The Honorable Jacque Steiner, Arizona State Senate

Mr. Tio Tachias, Arizona Board of Regents

Mr. John Teets, Greyhound Corporation, Phoenix

Mr. Philip Thompson, Museum of Northern Arizona, Flagstaff

The Honorable Doug Todd, Arizona State Senate

Dr. Ben Tuchi, VP for Finance and Administration,
University of Arizona

Mr. Keith Turley, Arizona Public Service Company, Phoenix

The Honorable Robert Usdane, Arizona State Senate

Mr. John Vezina, Student, Arizona State University

Ms. Carolyn Warner, Phoenix

Mr. Alton Washington, City of Phoenix, Phoenix

Mr. Ralph Watkins, Arizona Board of Regents

Dr. Dudley Woodard, VP for Student Affairs, University of
Arizona

Prof. Susan Wyckoff, Physics, Arizona State University

Mr. Victor Zafra, VP for Business Affairs, Arizona State
University